

DOCUMENT NO.
5260 ADOPTED
JANUARY 11, 1990

MEMORANDUM

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: THOMAS O'MALLEY, ASSISTANT DIRECTOR FOR
NEIGHBORHOOD HOUSING AND DEVELOPMENT
ANTONIO TORRES, SENIOR PLANNER
LAURA BURNS, PROJECT MANAGER

SUBJECT: REQUEST APPROVAL OF LOAN OF \$98,052 TO THE LINWOOD
COURT ASSOCIATES REALTY TRUST AND AUTHORIZATION TO
AMEND THE LAND DISPOSITION AGREEMENT TO DEFER THE
ACQUISITION COST OF \$15,000 FOR FIVE YEARS IN ORDER TO
ENSURE THE SUCCESSFUL SALE OF 12 UNITS LOCATED AT 14-20
LINWOOD STREET IN THE KITTREDGE SQUARE URBAN RENEWAL
AREA

SUMMARY: THIS MEMORANDUM REQUESTS THAT THE DIRECTOR BE
AUTHORIZED TO ENTER INTO A LOAN AGREEMENT WITH THE
LINWOOD COURT ASSOCIATES REALTY TRUST AND TO AMEND THE
LAND DISPOSITION AGREEMENT TO PROVIDE NECESSARY FUNDING
FOR THE SALE OF CONDOMINIUM UNITS LOCATED AT 14-20
LINWOOD STREET IN THE KITTREDGE SQUARE URBAN RENEWAL
AREA.

On June 12, 1986, the Linwood Court Associates Realty Trust, with principal L. Duane Jackson, was granted final designation for the rehabilitation of 12 units included within four three-and-one-half story structures in the Kittredge Square Urban Renewal Area in Roxbury. A Certificate of Completion was voted by the Boston Redevelopment Authority (BRA) on April 6, 1989.

Of the 12 residential units, three were to have been sold to moderate-income households at affordable sales prices and were to have been financed from proceeds of market-rate sales. Due to the softening condominium market and the anticipated decrease in sales proceeds, on December 8, 1988, the BRA voted to amend the Land Disposition Agreement such that the three affordable units would be rented to low-income households for a period of five years. The developer has requested further assistance from the BRA in the form of gap financing due to the difficulty the developer has had in selling market-rate units.

The requested \$98,052 loan would provide two forms of assistance. The development requires \$60,232 in gap financing to pay current debts owed to the contractor and the construction lenders for interest payments in arrears. Additionally, \$37,820 of the loan amount will be provided in the form of operating assistance enabling the developer to continue paying interest to the First American Bank for Savings and the Coolidge Bank and Trust Company for the next 12 months while efforts continue on unit sales. Both lenders have agreed to reduce the interest rate to the prime rate fixed on the date of the BRA Board vote.

The financial work out assumes that the developer will be successful in selling the nine market rate units over the next 12 months. Two units are due to close within 60 days and the remaining seven will be rented in order to provide income to the project to assist in the payment of interest due. Should sales be completed on a more aggressive schedule, the operating portion of the loan will be reduced accordingly.

The loan will mature on the date on which the last market rate unit is sold or five years after execution of the loan, whichever is sooner. The loan will take a second position to construction lenders and to an approved fee schedule to the developer, who has deferred all architect, developer, and management fees in order to ensure the success of this project. The loan will accrue simple interest at the rate of 5%.

Additionally, the Land Disposition Agreement executed between the BRA and the Linwood Court Associates Realty Trust on December 24, 1987, identified a purchase price of \$30,000. The price was to be paid in two installments, \$15,000 at closing and \$15,000 at Certificate of Completion or two years from closing whichever occurred first. The \$15,000 installment was made at closing. However, additional payments at this time would place a further financial burden on the project. The developer has requested that the second payment for the acquisition price be deferred under the same conditions as the loan as outlined above.

It is, therefore, recommended that the BRA approve a loan in the amount of \$98,052 to the Linwood Court Associates Realty Trust in order to assist the developer in the sale of condominium units. It is also recommended that the Director be authorized to amend the Land Disposition Agreement such that the \$15,000 acquisition cost due at execution of Certificate of Completion be deferred until the last market-rate unit is sold or five years from the execution of the amendment to the Land Disposition Agreement, whichever is sooner, and that the loan will take a second position to construction lenders and developer equity in the form of deferred fees.

Appropriate votes follow:

VOTED: That the Director be authorized to enter into a loan agreement to provide the Linwood Court Associates Realty Trust an amount not to exceed \$98,052 to be repaid on the date of the sale of the last market-rate unit or five years after the execution of the loan, whichever is sooner, with the condition that the loan will accrue interest at 5% and will take a second position to construction lenders and equity investment by the developer in the form of deferred fees;

AND

VOTED: That the Director be authorized to amend the Land Disposition Agreement such that the portion of the acquisition price (\$15,000) which is due at Certificate of Completion will be deferred until the date of the sale of the last market-rate unit or five years after the execution of the amendment to the Land Disposition Agreement, whichever is sooner, with the condition that the loan will take a second position to construction lenders and developer equity in the form of deferred fees.

PROJECT FACT SHEET

PARCEL OR PROJECT NAME: Linwood Court

PROJECT MANAGER: Laura Burns

DEVELOPER: Linwood Court Associates Realty Trust

SITE LOCATION: 14-20 Linwood Street
Kittredge Square Urban Renewal Area

PARCEL DESCRIPTION: Four three-and-one-half story buildings
10,000 Square Feet

ACTION REQUESTED: Request loan of \$98,052 and,
Request amendment to the Land
Disposition Agreement

PREVIOUS BOARD ACTIONS: Certificate of Completion, April 6, 1989

DEVELOPMENT PROGRAM: Rehabilitation of 12 units in
Four three-and-one-half story buildings
Three low-income rental units for five
years. Nine market rate condominiums.

TOTAL DEVELOPMENT COST: \$1,597,284/ \$133,107 per d.u.

ZONING: Complete

DESIGN: Complete

FAIR HOUSING PLAN: Complete

COMMUNITY REVIEW: Complete



COOLIDGE BANK
AND TRUST COMPANY

75 ARLINGTON STREET BOSTON, MASSACHUSETTS 02116 (617) 558-0420 TLX. 948290 CABLE. COOLBAN

LAURA L. SCHAEFER
SENIOR VICE PRESIDENT

December 6, 1989

L. Duane Jackson, Trustee
Linwood Court Associates Realty Trust
c/o Urban Investment Association, Inc.
175 Portland Street
Boston, MA 02114

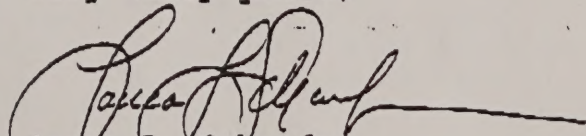
RE: Linwood Court Loan Maturity

Dear Mr. Jackson:

Please be advised that the above referenced loan matures on December 27, 1989 and in addition, the remaining interest reserve is insufficient to make the final payment of accrued interest.

The Bank is clearly of the understanding that you will repay this obligation on or before the maturity date. Please call my office for the payoff. Payment should be made in immediately available funds. If payment is not made in a timely manner, the Bank intends to take such action as may be necessary to fully exercise its rights and remedies to recover the amounts owed it by you.

Very truly yours,


Laura L. Schaefer
Senior Vice President

1st American Bank

December 6, 1989

Linwood Court Associates Realty Trust
Mr. Duane Jackson
175 Portland Street
Suite 5B
Boston, MA 02114

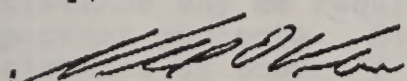
RE: Commercial Real Estate Loan No. 40279267
Principal Balance \$825,000.00

Dear Mr. Jackson:

Linwood Court Associates Realty Trust is presently in arrears with payments due for the months of October 31, 1989 and November 31, 1989. Payments in arrears total \$19,425.31 as of December 1, 1989. Please be advised that if payment is not made, the Bank will initiate foreclosure on property located at 14-20 Linwood Street, Boston, Massachusetts, which is the collateral securing this obligation.

Your immediate attention to this matter is required.

Sincerely,



Nicholas D. Valorie
Assistant Vice President

NDV/ha

BOSTON
REDEVELOPMENT
AUTHORITY

Raymond L. Flynn
Mayor

Stephen Coyle
Director

One City Hall Square
Boston, MA 02201
617 722 4300

December 7, 1989

Mr. Nicholas D. Valorie
Assistant Vice President
First American Bank
50 Redfield Street
Boston, MA 02122

Dear Mr. Valorie:

The Boston Redevelopment Authority (BRA) has been actively working with Mr. Duane Jackson towards the successful completion of the Linwood Court Project. We are aware that the Linwood Court Associates Realty Trust is in arrears on the construction loan provided by First American Bank in the amount of \$19,425 based on a loan of \$825,000.

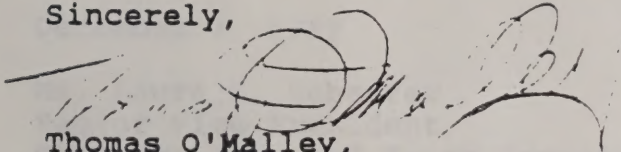
As you know, the BRA actively supports the development in Boston's neighborhoods including Roxbury. The City is committed to the production of affordable housing opportunities for low and moderate income households. Additionally, the City is committed to the rehabilitation and construction of market rate housing that assists the rebuilding of our communities. As a result of a softening condominium market, the BRA realizes that public assistance may be required to ensure the success of these important projects. Additionally, we seek the support and the assistance of Boston's lending community in bringing these projects to closure. The investment of public monies must be considered in setting lending rates and terms when we are involved in projects such as Linwood Court.

We seek the assistance from the First American Bank in providing an opportunity for the successful sale of the units in this project. I am prepared to request financial assistance from the BRA Board at its December 14, 1989 meeting which will bring the construction arrears current and provide interest payments on that loan through December of 1990. In participation with the BRA in providing this work-out solution, we seek an extended construction loan with a fixed-interest rate of the current prime rate set on the date funds are voted by the BRA Board.

We look forward to the successful sale of units at Linwood Court and hope to have the participation of the First American Bank in reaching this goal.

Please contact my office, should you have any questions.

Sincerely,



Thomas O'Malley,
Acting Assistant Director,
Neighborhood Housing and Development

Dear Sir:

The Boston Redevelopment Authority (BRA) has been extremely fortunate to have secured the successful completion of the Linwood Court project. It is our hope that the loan provided by the Commercial Bank and Trust Company to the Credit Union Association will be repaid on December 31, 1960.

As you know, the BRA actively supports development in Boston's neighborhoods including Roxbury. The BRA is committed to the production of affordable housing opportunities for low-income families. Additionally, the BRA is committed to the rehabilitation and construction of public housing units. As a result of the rebuilding of our neighborhoods, as a result of a continuing rebuilding effort, the BRA realizes that public housing may be required to insure the success of these rebuilding efforts. Additionally, we seek to expand and the assistance of Boston's lending community in bringing these projects to fruition. The investment of public funds will be required in setting lending rates and terms when we are involved in projects such as Linwood Court.

We seek the assistance from the Commercial Bank and Trust Company in providing an opportunity for the successful sale of the units in this project. I am prepared to request financial assistance from the bank based on its December 14, 1959 meeting which will allow the construction project to proceed and provide interest payments on that loan through December 31, 1960. In particular, with the aid in providing this work-out solution, we seek a reduced construction loan with a fixed-interest rate of 6% and a 10% rate set on the date when the units are sold by the BRA.

BOSTON
REDEVELOPMENT
AUTHORITY

Raymond L. Flynn
Mayor

Stephen Coyle
Director

One City Hall Square
Boston, MA 02201
617-722-4300

December 7, 1989

Ms. Laura L. Schaefer
Senior Vice President
Coolidge Bank and Trust Company
75 Arlington Street
Boston, MA 02116

Dear Laura:

The Boston Redevelopment Authority (BRA) has been actively working with Mr. Duane Jackson towards the successful completion of the Linwood Court Project. We are aware that the loan provided by the Coolidge Bank and Trust Company to Linwood Court Associates Realty Trust will mature on December 27, 1989.

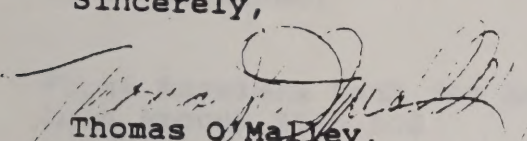
As you know, the BRA actively supports development in Boston's neighborhoods including Roxbury. The City is committed to the production of affordable housing opportunities for low-and moderate-income households. Additionally, the City is committed to the rehabilitation and construction of market rate housing that assists the rebuilding of our communities. As a result of a softening condominium market, the BRA realizes that public assistance may be required to ensure the success of these important projects. Additionally, we seek the support and the assistance of Boston's lending community in bringing these projects to closure. The investment of public monies must be considered in setting lending rates and terms when we are involved in projects such as Linwood Court.

We seek the assistance from the Coolidge Bank and Trust Company in providing an opportunity for the successful sale of the units in this project. I am prepared to request financial assistance from the BRA Board at its December 14, 1989 meeting which will bring the construction arrears current and provide interest payments on that loan through December of 1990. In participation with the BRA in providing this work-out solution, we seek an extended construction loan with a fixed-interest rate of the current prime rate set on the date funds are voted by the BRA Board.

We look forward to the successful sale of units at Linwood Court and hope to have the participation of the Coolidge Bank and Trust Company in reaching this goal.

Please contact my office, should you have any questions.

Sincerely,



Thomas O. Malley,
Acting Assistant Director,
Neighborhood Housing and Development

LINWOOD COURT ASSOCIATES REALTY TRUST
14-20 LINWOOD STREET
BOSTON MASSACHUSETTS 02119

SUMMARY OF EXISTING DEBT

FIRST MORTGAGE:

First American Bank for Savings
Loan Amount \$825,000

Interest Due: 12/31/89: \$25,611

SECOND MORTGAGE:

Coolidge Bank and Trust Company

Loan Amount \$240,000

Interest Due: 12/31/89 \$13,610

CONSTRUCTION COST OUTSTANDING

Final Payment : \$21,011

TOTAL PAYMENTS DUE: \$60,232

LINWOOD COURT
14-20 LINWOOD STREET

DEVELOPMENT PRO FORMA

Acquisition	\$30,000
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Hard Costs	\$970,413
Landscaping	\$1,700
Inspections	\$4,000

Total Hard Costs	\$976,113
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A/E	\$88,501
Survey	\$750
Permits	\$6,422
Real Est Tax	\$1,432
Insurance	\$24,654
Legal	\$35,125
Financing Fee	\$575
Const Loan Int	\$173,535
Appraisal	\$1,000
Condo Docs	\$8,206
Marketing	\$10,384
Const Mang	\$38,817
Dev Fee	\$81,464

SOFT COSTS	\$470,865
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TDC	\$1,476,978
	\$123,082

LINWOOD COURT OPERATING PRO FORMA
TEN UNITS

DEBT OUTSTANDING

Coolidge Const	\$240,000
Coolidge Permanent	\$210,000
1st American Const	\$825,000

TOTAL DEBT	\$1,275,000
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DEBT TO RETIRE	\$1,065,000
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SALES OF TWO UNITS	
A=\$163k	(\$154,850)
B=\$135k	(\$128,250)

REMAINING DEBT	\$781,900
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OPERATING PRO FORMA

UNITS	BR'S	RENT	ANNUAL
0	3	\$1,100	\$0
2	3	\$974	\$23,376
1	3	\$1,125	\$13,500
2	2	\$925	\$22,200
1	2	\$950	\$11,400
3	2	\$754	\$27,144
1	2	\$674	\$8,088
10			\$105,708

Vacancy 5%	(\$5,285)
Effective	\$100,423

Project Expenses

Taxes	\$6,642
Insurance	\$7,053
Electric	\$1,040
Water/Sewer	\$8,727
Maintenance	\$1,533
Snow Remov	\$1,000
Legal/Acct	\$2,500
Replacement Res	\$0
Management	\$0

Total	\$28,495
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Net Rental Income	\$71,928
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Coolidge Perm Debt		(\$25,851)
\$210,000 25yrs	0.115	
Net Rental Income		\$46,077

BRA SUBSIDY	\$37,820
Available for debt	\$82,100
DEBT	\$781,900
Total Income	\$83,897

DCR	1.02
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